111TH CONGRESS
1ST SESSION

S. 1040

To establish a demonstration program requiring the utilization of Value-Based Insurance Design in order to demonstrate that reducing the copayments or coinsurance charged Medicare beneficiaries for selected medications can increase adherence to prescribed medication, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 14, 2009

Mrs. HUTCHISON (for herself and Ms. STABENOW) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To establish a demonstration program requiring the utilization of Value-Based Insurance Design in order to demonstrate that reducing the copayments or coinsurance charged Medicare beneficiaries for selected medications can increase adherence to prescribed medication, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Seniors' Medication Copayment Reduction Act of 2009''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) A growing body of evidence demonstrates that patient-level financial barriers, including copayments and coinsurance for medications, systematically reduce the use of high value medical services.

(2) Empirical studies demonstrate that reductions in cost-sharing can mitigate the adverse health consequences attributable to cost related decreases in the utilization of prescription medications and reduce aggregate medical expenditures as a result.

(3) Financial barriers to prescription medications that are of high value should be reduced or eliminated to increase adherence to prescribed medication.

(4) Value-Based Insurance Design recognizes that medical services and prescription medications differ in the clinical benefit achieved and that patient out-of-pocket costs should be adjusted according to the value of the services provided.

(5) The current ''one size fits all'' copayment or coinsurance design for medications provided under the Medicare program does not recognize the well-established value differences in health outcomes produced by various medical interventions.

(6) The establishment by Medicare of copayment and coinsurance requirements for medications using Value-Based Insurance Design will optimize clinical gains for each dollar spent, which would be a benefit to seniors and a fiscally responsible use of taxpayer dollars.

SEC. 3. DEMONSTRATION PROGRAM.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish a demonstration program to test Value-Based Insurance Design methodologies for Medicare beneficiaries with chronic conditions.

(b) DEMONSTRATION PROGRAM DESIGN.—

(1) IN GENERAL.—The Secretary shall select not less than 2 Medicare Advantage plans to participate in this demonstration program under this section initially.

(2) REQUIREMENTS.—A plan selected to participate in the demonstration program under paragraph (1) shall meet the following requirements:

(A) The plan offers a coordinated Part D drug benefit.

(B) The plan and organization offering such plan meet such other criteria as the Secretary determines appropriate.

(c) DURATION.—

(1) IN GENERAL.—Subject to subsection (b), the demonstration program under this section shall be conducted for a 5-year period.

(2) EXPANSION OF DEMONSTRATION PROGRAM; IMPLEMENTATION OF DEMONSTRATION PROGRAM RESULTS.—

(A) EXPANSION OF DEMONSTRATION PROGRAM.—If the report under paragraph subsection (e) or (f)(3) contains an evaluation that the demonstration program under this section—

(i) reduces expenditures under the Medicare program; or

(ii) does not increase expenditures under the Medicare program and increases the quality of health care services provided to Medicare beneficiaries,

then the Secretary shall continue the existing demonstration program and may expand the demonstration program.

(B) IMPLEMENTATION OF DEMONSTRATION PROGRAM RESULTS.—If the report under

subsection (e) or (f)(3) contains an evaluation contained in clause (i) or (ii) of subparagraph (A), the Secretary may issue regulations to implement, on a permanent basis, the components of the demonstration program that are beneficial to the Medicare program.

(d) VALUE-BASED INSURANCE DESIGN METHODOLOGY.—

(1) REDUCTION OF COPAYMENTS AND COINSURANCE.—Utilizing Value-Based Insurance Design methodologies, the Secretary shall identify each medication for which the amount of the copayment or coinsurance payable should be reduced or eliminated.

(2) VALUE-BASED INSURANCE DESIGN.—For purposes of this section, ''Value-Based Insurance Design'' is a methodology for identifying specific medications or classes of medications for which copayments or coinsurance should be reduced or eliminated due to the high value and effectiveness of such medications when prescribed for particular clinical conditions.

(3) PARTICULAR MEDICATIONS.—In identifying medications for purposes of paragraph (1), the Sec-

retary shall, at a minimum, consider the medications utilized in the treatment of the following conditions:

(A) Asthma.

(B) Atrial fibrillation.

(C) Deep venous thrombosis.

(D) Chronic obstructive pulmonary disease.

(E) Chronic renal failure.

(F) Congestive heart failure.

(G) Coronary artery disease.

(H) Myocardial infarction.

(I) Depression.

(J) Epilepsy.

(K) Diabetes mellitus.

(L) Hypertension.

(M) Hypothyroidism.

(N) Schizophrenia.

(O) Tobacco abuse disorder.

(e) REPORT ON IMPLEMENTATION.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to Congress a report on the implementation by the Secretary of the demonstration program under this section.

(2) ELEMENTS.—The report required by paragraph (1) shall include the following:

(A) A statement setting forth each medication identified pursuant to subsection (d)(1).

(B) For each such medication, a statement of the amount of the copayment or coinsurance required to be paid for such medication and the amount of the reduction from previous levels.

(f) REVIEW AND ASSESSMENT OF UTILIZATION OF METHODOLOGIES.—

(1) IN GENERAL.—The Secretary shall enter into a contract or agreement with an independent entity having expertise in Value-Based Insurance Design to review and assess the implementation by the Secretary of the demonstration program under this section. The review and assessment shall include the following:

(A) An assessment of the utilization by the Secretary of the methodologies referred to in subsection (d).

(B) An analysis of whether reducing or eliminating the copayment or coinsurance for each medication identified by the Secretary pursuant to subsection (d)(1) resulted in increased adherence to medication regimens and better health outcomes.

(C) An analysis of the cost savings resulting from reducing or eliminating the copayment or coinsurance for each medication so identified.

(D) Such other matters as the Secretary considers appropriate.

(2) REPORT.—The contract or agreement entered into under paragraph (1) shall require the entity concerned to submit to the Secretary a report on the review and assessment conducted by the entity under that paragraph in time for the inclusion of the results of such report in the report required by paragraph (3).

(3) REPORT TO CONGRESS.—Not later than 3 years after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the review and assessment conducted under this subsection. The report shall include the following:

(A) A description of the results of the review and assessment.

(B) Such recommendations as the Secretary considers appropriate for enhancing the utilization of the methodologies referred to in subsection (a)(1) so as to reduce copayments and coinsurance paid by Medicare beneficiaries

for medications furnished under the Medicare program and to otherwise improve the quality of health care provided under such Medicare program.

(g) WAIVER.—The Secretary may waive such provisions of titles XI and XVIII of the Social Security Act as may be necessary to carry out the demonstration program under this section.

(h) IMPLEMENTATION FUNDING.—For purposes of carrying out the demonstration program under this section, the Secretary shall provide for the transfer from the Federal Hospital Insurance Trust Fund under section 1817 of the Social Security Act (42 U.S.C. 1395i) and the Federal Supplementary Insurance Trust Fund under section 1841 of the Social Security Act (42 U.S.C. 1395t), including the Medicare Prescription Drug Account in such Trust Fund, in such proportion as determined appropriate by the Secretary, of such sums as may be necessary.

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